

SHV Energy Holdings UK Limited  
Annual report and accounts  
for the year ended 31 December 2003

Registered number: 2134177



# **SHV Energy Holdings UK Limited**

## **Annual report for the year ended 31 December 2003**

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# **SHV Energy Holdings UK Limited**

## **Officers and professional advisers**

### **Directors**

P Fentener van Vlissingen  
C Fawcett  
P C Klaver  
H R Kerr  
J Kearney

### **Secretary**

C Whorton

### **Registered office**

Athena House  
Athena Drive  
Tachbrook Park  
Warwick  
CV34 6RL

### **Auditors**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

# **SHV Energy Holdings UK Limited**

## **Directors' report for the year ended 31 December 2003**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2003.

### **Principal activities**

The Company's principal activity is the investment in shares.

### **Review of business and future developments**

Both the level of business and the year end financial position were satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future.

During the year, the directors undertook a review of the carrying value of investments. This resulted in a write down of investments and the resulting charge of £91,158,803 is shown in the profit and loss account as an exceptional item.

As at 31 December 2003, the Company's principal source of finance was a £217,000,000 loan from the group company, SHV Nederland B.V, due for repayment in December 2005. In light of the maturity of this facility, the Directors have reviewed the financing requirements of the Company for the foreseeable future. Whilst no rescheduling of the SHV Nederlands B.V loan has yet been agreed, the Directors remain confident that prior to the loan falling due for repayment in 2005, it will be rescheduled, or alternative finance will be sought, to ensure the continuing operation of the Company.

### **Results and dividends**

The loss for the year amounted to £85,373,902 (2002-profit: £11,887,436).

The directors have not declared a final dividend in respect of the year ended 31 December 2003 (2002: £nil)

### **Dividends received**

The income from interests in subsidiaries received during the year, as disclosed on page 5, consisted of ordinary dividends of £12,060,000 (2002: £19,510,941).

### **Directors and directors' interests**

The directors of the Company at 31 December 2003 are set out on page 1.

No director had any interest requiring disclosure in the year ended 31 December 2003.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

# **SHV Energy Holdings UK Limited**

## **Directors' report for the year ended 31 December 2003 (continued)**

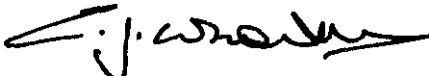
### **Statement of directors' responsibilities (continued)**

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office, and a resolution for their re-appointment will be proposed at the next Annual General Meeting of the Company.

**By order of the board**



**C Whorton  
Company Secretary**

16 December 2004

# **Independent auditors' report to the members of SHV Energy Holdings UK Limited**

We have audited the financial statements which comprise a profit and loss account, balance sheet and the related notes.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

## **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Fundamental uncertainty - going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty over the possible renegotiation of financing with the Company's parent company which is due for renewal in December 2005. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect. The financial statements do not include any adjustments that would result from a failure to obtain funding.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
16 December 2004

# SHV Energy Holdings UK Limited

## Profit and loss account for the year ended 31 December 2003

Continuing activities	Notes	2003 £	2002 £
Administrative expenses		(128,534)	(179,012)
Other operating income		18,500	18,500
<b>Operating loss</b>		<b>(110,034)</b>	<b>(160,512)</b>
Income from interests in subsidiaries		12,060,000	19,510,941
Interest receivable and similar income		-	4
Amounts written off investments - exceptional	4	(91,158,803)	-
Interest payable and similar charges	5	(8,858,713)	(10,728,094)
<b>(Loss) / profit on ordinary activities before taxation</b>	6	<b>(88,067,550)</b>	<b>8,622,339</b>
Taxation on (loss) / profit on ordinary activities	7	2,693,648	3,265,097
<b>(Loss) / profit for the financial year</b>	15	<b>(85,373,902)</b>	<b>11,887,436</b>

There are no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

# SHV Energy Holdings UK Limited

## Balance sheet at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible fixed assets	8	42,141	15,890
Investments	9	508,000,000	599,158,803
		<b>508,042,141</b>	<b>599,174,693</b>
<b>Current assets</b>			
Debtors	10	2,706,818	3,274,444
Cash at bank and in hand		3,754,605	479,603
		<b>6,461,423</b>	<b>3,754,047</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(1,093,420)</b>	<b>(4,144,694)</b>
<b>Net current assets / (liabilities)</b>		<b>5,368,003</b>	<b>(390,647)</b>
<b>Total assets less current liabilities</b>		<b>513,410,144</b>	<b>598,784,046</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(242,000,000)</b>	<b>(242,000,000)</b>
<b>Net assets</b>		<b>271,410,144</b>	<b>356,784,046</b>
<b>Capital and reserves</b>			
Called up share capital	13	251,660,001	251,660,001
Share Premium Account	14	33,999,999	33,999,999
Profit and loss account	15	(14,249,856)	71,124,046
<b>Total equity shareholders' funds</b>	16	<b>271,410,144</b>	<b>356,784,046</b>

The financial statements on pages 5 to 15 were approved by the board of directors on 16 December 2004 and were signed on its behalf by:



**H R Kerr**  
Director



# **SHV Energy Holdings UK Limited**

## **Notes to the financial statements for the year ended 31 December 2003**

### **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

#### **Going Concern**

As at 31 December 2003, the Company's principal source of finance was a £217,000,000 loan from the group company, SHV Nederland B.V, due for repayment in December 2005. In light of the maturity of this facility, the Directors have reviewed the financing requirements of the Company for the foreseeable future. Whilst no rescheduling of the SHV Nederland B.V loan has yet been agreed, the Directors remain confident that prior to the loan falling due for repayment it will be rescheduled, or alternative finance will be sought, to ensure the continuing operation of the Company.

#### **Consolidation**

The Company is exempt under Section 228 of the Companies Act 1985 from preparing consolidated accounts on the basis that it is a wholly owned subsidiary of a parent undertaking established under the law of a member state of the European Economic Area.

#### **Cash flow statement**

The Company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996).

#### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write-off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rate used for this purpose is:

Motor vehicles - 25%

#### **Investments**

Investments are stated at cost less any provision for a permanent diminution in value.

#### **Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

# SHV Energy Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### Deferred taxation (continued)

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. There is no deferred tax liability as at 31 December 2003 or 31 December 2002.

### 2 Directors' emoluments

	2003	2002
	£	£
Aggregate emoluments	70,101	65,180

The emoluments disclosed in the financial statements relate to one director of the Company.

No other directors receive emoluments in relation to their role as directors of the Company.

### 3 Employee information

The average monthly number of persons employed during the year including a director, all of whom are employed in the administration of the company, was 3 (2002: 3).

Staff costs (for the above employees, including a director):

	2003	2002
	£	£
Wages and salaries	92,716	91,371
Social security costs	11,561	10,733
	104,277	102,104

### 4 Exceptional items

#### Amounts written off investments

During the year, the directors undertook a review of the carrying value of investments. This resulted in a write down of investments and the resulting charge of £91,158,803 is shown in the profit and loss account as an exceptional item (note 9).

# SHV Energy Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 5 Interest payable and similar charges

	2003	2002
	£	£
Interest payable to parent company relating to the purchase of Dyas UK Limited	-	639,884
Interest payable on parent company loans	8,858,713	10,088,210
	8,858,713	10,728,094

### 6 (Loss) / profit on ordinary activities before taxation

(Loss) / profit on ordinary activities before taxation is stated after charging:-

	2003	2002
	£	£
Auditors' remuneration:		
-Audit	6,500	6,500
Depreciation of tangible fixed assets	8,768	7,944

### 7 Taxation on (loss) / profit on ordinary activities

	2003	2002
	£	£
Payment received in respect of group relief surrendered to Calor Group Limited	(2,693,648)	(3,265,097)

The tax assessed for the year is lower (2002: lower) than the standard rate of corporation tax in the UK (30%).

# SHV Energy Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 7 Taxation on (loss) / profit on ordinary activities (continued)

The differences are explained below.

(Loss) / profit on ordinary activities before tax	(88,067,550)	8,622,339
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(26,420,265)	2,586,702
Effects of:		
Amounts written off investments	27,347,641	-
Non taxable dividend income received	(3,618,000)	(5,853,283)
Capital allowances and balancing allowances in excess of depreciation	(1,054)	1,484
Profit on disposal of tangible fixed asset	(1,970)	-
Current tax credit for year	(2,693,648)	(3,265,097)

There are deferred tax assets in relation to tax losses totalling £3,202,638 (2002: £3,202,638) that have not been recognised within the financial statements on the basis that their future economic benefit is uncertain.

There are no significant factors currently known which will affect the future tax charge.

# SHV Energy Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 8 Tangible fixed assets

	Motor vehicles
	£
<hr/>	
<b>Cost</b>	
At 1 January 2003	31,779
Additions	44,950
Disposals	(31,779)
<b>At 31 December 2003</b>	<b>44,950</b>
<hr/>	
<b>Depreciation</b>	
At 1 January 2003	(15,889)
Disposals	21,848
Charge for the year	(8,768)
<b>At 31 December 2003</b>	<b>(2,809)</b>
<hr/>	
<b>Net book value</b>	
<b>At 31 December 2003</b>	<b>42,141</b>
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At 31 December 2002	15,890
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# SHV Energy Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 9 Investments

	2003	2002
	£	£
<b>Cost</b>		
At 1 January / 31 December	599,158,803	599,158,803
<b>Provision for diminution in value</b>		
At 1 January	-	-
Charge in the year	(91,158,803)	-
At 31 December	(91,158,803)	-
<b>Net book value at 31 December</b>	<b>508,000,000</b>	<b>599,158,803</b>

The net book value of investments consists of the following:

Name of subsidiary undertaking	Country of incorporation or registration	2003	2002
		£	£
Calor Group Ltd (100% holding)	Great Britain	450,000,000	541,158,803
Dyas UK Ltd (100% holding)	Great Britain	33,000,000	33,000,000
Calor Gas Northern Ireland Ltd (100% holding)	Great Britain	25,000,000	25,000,000
		<b>508,000,000</b>	<b>599,158,803</b>

The principal business activities of the subsidiary undertakings are as follows:

Calor Group Limited - the marketing and distribution of liquefied petroleum gas;

Calor Gas Northern Ireland Limited – the marketing and distribution of liquefied petroleum gas;

Dyas UK Limited – the holding of interests in oil and gas exploration, development and production joint ventures.

As described in note 4, during the year the directors undertook a review of the carrying value in investments resulting in a write down of £91,158,803.

In the opinion of the directors the value of the Company's investments in its subsidiary undertakings is not less than the amount at which they are included in the balance sheet.

# SHV Energy Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 10 Debtors

	2003	2002
	£	£
<b>Amounts falling due within one year</b>		
Amounts owed by fellow subsidiaries	2	1,002
Amounts owed by subsidiary undertakings	2,706,816	3,273,442
	<b>2,706,818</b>	<b>3,274,444</b>

Amounts owed by fellow subsidiaries and subsidiary undertakings consist of current trading balances and bear no interest.

### 11 Creditors: amounts falling due within one year

	2003	2002
	£	£
Amounts owed to parent undertaking	-	3,100,000
Other creditors	258,674	260,288
Other tax and social security	2,756	544
Accruals and deferred income	831,990	783,862
	<b>1,093,420</b>	<b>4,144,694</b>

### 12 Creditors: amounts falling due after more than one year

	2003	2002
	£	£
Amounts owed to parent undertaking	217,000,000	217,000,000
Amounts owed to subsidiary undertaking	25,000,000	25,000,000
	<b>242,000,000</b>	<b>242,000,000</b>

Amounts owed to the parent undertaking are repayable in 2005 and bear interest based on 6 months Libor plus a spread of 0.25%.

# SHV Energy Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 12 Creditors: amounts falling due after more than one year (continued)

As at 31 December 2003, the Company's principal source of finance was a £217,000,000 loan from the group company, SHV Nederlands B.V, due for repayment in December 2005. In light of the maturity of this facility, the Directors have reviewed the financing requirements of the Company for the foreseeable future. Whilst no rescheduling of the SHV Nederlands B.V loan has yet been agreed, the Directors remain confident that prior to the loan falling due for repayment it will be rescheduled, or alternative finance will be sought, to ensure the continuing operation of the Company.

Amounts owed to subsidiary undertakings were repayable on notice of one year and one day and bore no interest. Subsequent to the year end, the balance has been settled and replaced with a balance which is repayable on notice of 5 days and bears interest of Libor plus 1%.

### 13 Called-up share capital

	2003	2002
	£	£
Authorised		
1,000,000,000 ordinary shares of £1 each	1,000,000,000	1,000,000,000
Allotted, called up and fully paid		
251,660,001 ordinary shares of £1 each	251,660,001	251,660,001

### 14 Share Premium Account

	£
As at 31 December 2003 and 31 December 2002	33,999,999

### 15 Profit and loss account

	£
At 1 January 2003	71,124,046
Loss for the financial year	(85,373,902)
At 31 December 2003	(14,249,856)



# SHV Energy Holdings UK Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 16 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Equity shareholders' funds at the beginning of the year	356,784,046	310,896,610
(Loss) / Profit for the financial year	(85,373,902)	11,887,436
Net proceeds of issue of ordinary share capital	-	34,000,000
Equity shareholders' funds at the end of the year	271,410,144	356,784,046

### 17 Related party transactions

SHV Energy Holdings UK Limited is a wholly owned subsidiary undertaking of SHV Holdings NV. The results of SHV Energy Holdings UK Limited are included in the consolidated accounts of SHV Holdings NV. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 8 from disclosing details of transactions with SHV Holdings NV or other entities that were part of the SHV group.

### 18 Ultimate controlling party and immediate parent company

In the opinion of the Directors, the ultimate and immediate parent company and controlling party is SHV Holdings NV, a private company incorporated in the Netherlands, which prepares group accounts consolidating the results of SHV Energy Holdings UK Limited. Copies of the group accounts for SHV Holdings NV may be obtained from the Company Secretary, SHV Holdings NV, Rijnkade 1, 3511 LC, Utrecht, The Netherlands.